

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 CEA-01 SS-15
/084 W

-----058051 150330Z /66

R 142118Z JUL 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 4120
INFO AMEMBASSY PARIS
AMCONSUL MONTREAL
ALL OTHER CONSULS IN CANADA (BY POUCH)

UNCLAS OTTAWA 06294

USOECD

DEPARTMENT PASS TREASURY, CEA, FRB

E.O. 11652: N/A
TAGS: ECON, EFIN
SUBJECT: CONSUMER PRICES RISE 0.4 PERCENT IN JUNE

1. CANADIAN CONSUMER PRICE ROSE 0.4 PERCENT (SEASONALLY ADJUSTED) OVER THE PREVIOUS MONTH, FOLLOWING A 0.6 PERCENT INCREASE IN MAY. STATISTICS CANADA ESTIMATES THE SEASONALLY ADJUSTED CPI ANNUAL RATE OF CHANGE IN JUNE AT 7.6 PERCENT, A SLOWER PACE THAN THE 10.4 PERCENT INCREASE IN MAY (SEE TABLE). UNADJUSTED, THE CPI INDEX STOOD AT 160.3 IN JUNE (1971 EQUALS 100), UP 0.7 PERCENT FROM 159.2 IN MAY.
2. LOWER RATES OF PRICE INCREASES WERE REGISTERED FOR BOTH FOOD AND NON-FOOD ITEMS. SEASONALLY ADJUSTED, FOOD ITEMS INCREASED 0.5 PERCENT IN JUNE (1.1 PERCENT IN MAY), WHILE NON-FOOD ITEMS ROSE 0.4 PERCENT, (0.5 PERCENT IN UNCLASSIFIED

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MAY).

3. MEASURED IN TWELVE MONTH INCREASES IN THE CPI, THE ANNUAL INFLATION RATE HAS CONTINUED TO INCREASE SINCE LATE LAST YEAR. TWELVE-MONTH INFLATION DECREASED FROM A PEAK OF 12.5 PERCENT IN DECEMBER 1974 TO A TROUGH OF 5.6 PERCENT IN NOVEMBER 1976, HELPED BY AN ABSOLUTE

DECREASE IN THE FOOD COMPONENT OF THE CPI DURING SIX MONTHS OF LAST YEAR. HOWEVER, SINCE LAST NOVEMBER THIS RATE HAS RISEN STEADILY. IN JUNE IT WAS 7.8 PERCENT, UP FROM 7.6 PERCENT IN MAY AND THE HIGHEST LEVEL SINCE JUNE 1976. IT HAS BEEN CLEAR FOR SOME MONTHS THAT THE GOVERNMENT'S TARGET OF A 6 PERCENT INCREASE IN THE CPI FOR THE TWELVE MONTHS ENDING IN NOVEMBER OF THIS YEAR WILL NOT BE REACHED.

4. WHILE SOME DECREASE IN THE RATE OF FOOD PRICE INCREASES IS EXPECTED OVER COMING MONTHS, LESS IMPROVEMENT IS EXPECTED IN NON-FOOD ITEMS. AT BEST THE UNDERLYING INFLATION RATE CAN BE EXPECTED TO DECLINE ONLY GRADUALLY FROM THE CURRENT ANNUAL PACE OF SEVEN TO EIGHT PERCENT.

TABLE. CONSUMER PRICE INDEX, SEASONALLY ADJUSTED, CURRENT ANNUAL RATES OF CHANGE, 1977.

SOURCE: STATISTICS CANADA

MONTH	ALL ITEMS	FOOD ITEMS	NON-FOOD ITEMS
JAN	7.3	9.3	6.4
FEB	9.2	15.8	6.7
MAR	12.0	18.7	9.8
APR	11.3	18.2	9.2
MAY	10.4	15.2	8.5

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JUN	7.6	12.2	5.7
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DUEMLING

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Reason:
Disposition Remarks:
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